

**2009 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB75)**

Received: **06/11/2009**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Shanovich (RR)**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - crp inc, fran**

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

LFB:.....Shanovich (RR) -

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**Topic:**

Combined reporting; controlled group election

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**Instructions:**

See attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 06/11/2009	jdyer 06/11/2009		_____ _____			
/1			jfrantze 06/11/2009	_____ _____	lparisi 06/11/2009		

FE Sent For:

**<END>**

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/?	jkreye	1 6/11/09		26 6/11/09			

FE Sent For:

<END>

## Kreye, Joseph

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**From:** Shanovich, Ron  
**Sent:** Thursday, June 11, 2009 11:04 AM  
**To:** Kreye, Joseph  
**Subject:** FW: Parisi DOR language for combined reporting

Joe, here's another amendment. I think this is the same as 204/P1 you drafted for DOR. Thanks, ron

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**From:** Reinhardt, Rob  
**Sent:** Thursday, June 11, 2009 11:01 AM  
**To:** Shanovich, Ron  
**Subject:** FW: Parisi DOR language for combined reporting

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**From:** McKinny, Chris  
**Sent:** Thursday, June 11, 2009 11:00 AM  
**To:** Reinhardt, Rob  
**Cc:** Lundquist, Lisa  
**Subject:** FW: Parisi DOR language for combined reporting

Rob,

From the sounds of it this amendment may have been lost in the shuffle. I am fairly certain that Lisa sent in the drafting request but evidently it is not currently in the sub. Can you please check on this for me? Thanks.

Chris

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**From:** Whitmore, Lori  
**Sent:** Thursday, June 11, 2009 10:57 AM  
**To:** McKinny, Chris  
**Subject:** Parisi DOR language for combined reporting

## Drafting Instructions for Controlled Group Election

### Create s. 71.255(2m) to read as follows:

**(2m)** ELECTION TO INCLUDE EVERY MEMBER OF COMMONLY CONTROLLED GROUP. (a) The designated agent as provided in sub. (7) may elect, without first obtaining written approval from the department, to include in its combined group every corporation in its commonly controlled group, regardless of whether such corporations are engaged in the same unitary business as the designated agent. Corporations included in the combined group by operation of this election are required to use combined reporting only to the extent described in sub. (2). The commonly controlled group shall calculate its Wisconsin income and apportionment factors in accordance with subs. (3), (4), and (5), provided that all income of all members of the commonly controlled group, whether or not such income would otherwise be subject to apportionment or allocable to a particular state in the absence of an election under this subsection, shall be treated as apportionable income for purposes of the combined report.

(b) The election under this subsection shall be executed by the designated agent on an original, timely filed combined report. Any corporation that becomes includable in the commonly controlled group subsequent to the year of election shall have waived any objection to its inclusion in the combined report.

(c) An election under this subsection shall be binding for and applicable to the taxable year for which it is made and for the next 9 taxable years. An election may be renewed for another 10 taxable years, without prior written approval from the department after it has been in effect for 10 taxable years. The renewal shall be made on an original, timely filed return for the first taxable year after the completion of a 10-year period for which an election under this subsection was in place. An election that is not renewed shall be revoked. In the case of a revocation, a new election under this subsection shall not be permitted in any of the immediately following three taxable years.

(d) The department is authorized to disregard the tax effect of such an election or disallow the election with respect to any controlled group member or members for any year of the election period, if the department determines that the election has the effect of tax avoidance.

Lori Whitmore  
Office of Rep. Joe Parisi



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBb0204/P1

JK:jld:ph

↑  
stays

LSB - SHANDVICH (RR)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT, *to ASA-1*  
TO 2009 ASSEMBLY BILL 75

*in 6-11-09*

*the substitute amendment*

- 1
- 2
- 3
- 4

At the locations indicated, amend the bill as follows:

✓ *8362 25*  
1. Page ~~867~~, line ~~8~~: after that line insert:

"SECTION 1621*0* 71.255 (2m) of the statutes is created to read:

*eb ← eb ← (B)*  
71.255 (2m) ELECTION TO INCLUDE EVERY MEMBER OF COMMONLY CONTROLLED

5 GROUP. (a) The designated agent as provided in sub. (7) may elect, without first  
6 obtaining written approval from the department, to include in its combined group  
7 every corporation in its commonly controlled group, regardless of whether such  
8 corporations are engaged in the same unitary business as the designated agent.  
9 Corporations included in the combined group by operation of this election are  
10 required to use combined reporting only to the extent described in sub. (2). The  
11 commonly controlled group shall calculate its Wisconsin income and apportionment  
12 factors as provided under subs. (3), (4), and (5), and all income of all members of the

1 commonly controlled group, whether or not such income would otherwise be subject  
2 to apportionment or allocable to a particular state in the absence of an election under  
3 this subsection, shall be treated as apportionable income for purposes of the  
4 combined report.

5 (b) The election under this subsection shall be executed by the designated agent  
6 on an original, timely filed combined report. Any corporation that becomes  
7 includable in the commonly controlled group subsequent to the year of election shall  
8 have waived any objection to its inclusion in the combined report.

9 (c) An election under this subsection shall be binding for and applicable to the  
10 taxable year for which it is made and for the next 9 taxable years. An election may  
11 be renewed for another 10 taxable years, without prior written approval from the  
12 department after it has been in effect for 10 taxable years. The renewal shall be made  
13 on an original, timely filed return for the first taxable year after the completion of  
14 a 10-year period for which an election under this subsection was in place. An election  
15 that is not renewed shall be revoked. In the case of a revocation, a new election under  
16 this subsection shall not be permitted in any of the immediately following 3 taxable  
17 years.

18 (d) The department shall disregard the tax effect of an election under this  
19 subsection, or disallow the election, with respect to any controlled group member or  
20 members for any year of the election period, if the department determines that the  
21 election has the effect of tax avoidance.” ✓

22

Fix  
Component 2.

Page 172

line 22

after that line

insert

“(2m)”

↑

“(2)(a)”

↑

1876

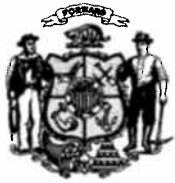
16

↑

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1 “(21c) COMBINED REPORTING. The treatment of section 71.255 (2m) of the  
2 statutes first applies to taxable years beginning on January 1, 2009.”.

3 (END) ✓



LFB:.....Shanovich (RR) – Combined reporting; controlled group election

**FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION**

**ASSEMBLY AMENDMENT ,**

**TO ASSEMBLY SUBSTITUTE AMENDMENT 1,**

**TO 2009 ASSEMBLY BILL 75**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 836, line 25: after that line insert:

3 **"SECTION 1621eb.** 71.255 (2m) of the statutes is created to read:

4 71.255 (2m) ELECTION TO INCLUDE EVERY MEMBER OF COMMONLY CONTROLLED  
5 GROUP. (a) The designated agent as provided in sub. (7) may elect, without first  
6 obtaining written approval from the department, to include in its combined group  
7 every corporation in its commonly controlled group, regardless of whether such  
8 corporations are engaged in the same unitary business as the designated agent.  
9 Corporations included in the combined group by operation of this election are  
10 required to use combined reporting only to the extent described in sub. (2). The



1 commonly controlled group shall calculate its Wisconsin income and apportionment  
2 factors as provided under subs. (3), (4), and (5), and all income of all members of the  
3 commonly controlled group, whether or not such income would otherwise be subject  
4 to apportionment or allocable to a particular state in the absence of an election under  
5 this subsection, shall be treated as apportionable income for purposes of the  
6 combined report.

7 (b) The election under this subsection shall be executed by the designated agent  
8 on an original, timely filed combined report. Any corporation that becomes  
9 includable in the commonly controlled group subsequent to the year of election shall  
10 have waived any objection to its inclusion in the combined report.

11 (c) An election under this subsection shall be binding for and applicable to the  
12 taxable year for which it is made and for the next 9 taxable years. An election may  
13 be renewed for another 10 taxable years, without prior written approval from the  
14 department after it has been in effect for 10 taxable years. The renewal shall be made  
15 on an original, timely filed return for the first taxable year after the completion of  
16 a 10-year period for which an election under this subsection was in place. An election  
17 that is not renewed shall be revoked. In the case of a revocation, a new election under  
18 this subsection shall not be permitted in any of the immediately following 3 taxable  
19 years.

20 (d) The department shall disregard the tax effect of an election under this  
21 subsection, or disallow the election, with respect to any controlled group member or  
22 members for any year of the election period, if the department determines that the  
23 election has the effect of tax avoidance.”.

1           **2.** Page 1876, line 16: after “(2) (a),” insert “(2m)”.

2 (END)